

PX 362

Message

From: [REDACTED] [REDACTED]@ripple.com]
 on behalf of [REDACTED] [REDACTED]@ripple.com> [REDACTED]@ripple.com]
 Sent: 4/11/2013 3:42:29 PM
 To: Jed McCaleb [Jed McCaleb <[REDACTED]@ripple.com>]
 CC: Chris Larsen [Chris Larsen <[REDACTED]@ripple.com>]
 Subject: Re: [REDACTED] questions

Thanks Jed - these are great. Here is what I'm sending him as final Q&A. Can you guys take one more look as I made just a few changes? Also – please pay particular attention to the word "typically" that you had in #4. Is there a reason why we have to use this or can I just eliminate it? Thanks.

M.

1. How is consensus reached in the network?

The team said this was a pretty in-depth process, and suggested this graphic from the Ripple wiki as a reference: https://ripple.com/wiki/Consensus_Graphic

2. If each Ripple transaction destroys a tiny amount of a ripple, and if the number of ripples is finite, how do you avoid eventually depleting the sum total of ripples

There are 100 billion ripples in existence. Only a very small amount is destroyed in each transaction. In fact, it's so small that Ripple would have to get 10,000 transactions per second for thousands of years before it even begins to make a dent in the total number of ripples in the world.

3. What makes Ripple "trust based"? Is it just the IOU system?

Ripple is not trust-based. It is completely math-based in the same way that Bitcoin is. Ripple allows you to trust other accounts so that it can work within existing payment networks that are trust based. But the trust aspect is purely optional. ripples can flow directly to other people on the system.

4. Is Ripple usage anonymous?

Ripple is pseudonymous – meaning everything is public but identities aren't typically tied to a particular Ripple account.

5. How do you counteract the possibility of money laundering through Ripple

Money laundering is an activity that would happen through the gateways allowing access to Ripple. Ripple is just the network for transactions. These gateways are third party constructs. We believe these gateways should be properly licensed and regulated in the same way as other financial institutions.

6. Where does OpenCoin make money? Through the currency exchanges built into the system?

OpenCoin will hold a portion of all ripples created – about 25%. The company will gain value as the ripples increase in value.

7. How are the computers in the network rewarded for electricity spent?

They are not. However – unlike Bitcoin – the computational power required to run a Ripple server is trivial.

8. How do nodes identify themselves, if they're not supposed to be anonymous?

By nodes, do you mean the servers running the Ripple software? If so, these servers maintain the network. They have no relation to individual Ripple accounts.

[REDACTED]
[REDACTED]@ripple.com

Identity assured by [REDACTED]

On 4/11/13 3:40 PM, "Jed McCaleb" [REDACTED]@ripple.com> wrote:

On Thu, Apr 11, 2013 at 12:09 PM, [REDACTED]@ripple.com> wrote:
Chris/Jed -

[REDACTED] is going to write about Ripple tomorrow for [REDACTED]. He's based in Berlin and asked for answers to these questions so he can file a story. Can you help here? I can speak to some of these but not all.

- How is consensus reached in the network?

It is sort of complicated. Here is a walk through:
https://ripple.com/wiki/Consensus_Graphic

- If each Ripple transaction destroys a tiny amount of a ripple, and if the number of ripples is finite, how do you avoid eventually depleting the sum total of ripples?

Only a very small amount is destroyed. So small that ripple would have to get 10k+ transactions a second for thousands of years before it starts to make a dent in the number of ripples in the world.

- What makes Ripple "trust based"? Is it just the IOU system?

Ripple is not trust based. It is fully math based in the same way bitcoin is. Ripple allows you to trust other accounts so it can work with the existing payment networks that are all trust based. But the trust aspect is purely optional.

- Is Ripple usage anonymous?

It is pseudonymous. Meaning everything is public but identities aren't typically tied to a particular ripple account.

- How do you counteract the possibility of money laundering through Ripple?

OpenCoin is simply making this software platform. We don't operate it or in any way touch user funds. Money laundering would have to occur through a ripple gateway. These gateways should be properly licensed and regulated in the same way other financial institutions are.

- Where does OpenCoin make money? Through the currency exchanges built into the system?

OpenCoin holds some portion of the ripples. The company becomes valuable as these ripples increase in value.

- How are the computers in the network rewarded for electricity spent?

They aren't but unlike bitcoin the computational power required to run a ripple server is trivial.

- How do nodes identify themselves, if they're not supposed to be anonymous?

By nodes I assume you mean the servers running the ripple software. These servers maintain the network. They have no relation to individual ripple accounts.



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